#2010-053

AGREEMENT BY AND BETWEEN
Citizens National Bank of Paintsville
Paintsville, KY
and
The Comptroller of the Currency

Citizens National Bank of Paintsville, Paintsville, Kentucky ("Bank") and the Comptroller of the Currency of the United States of America ("Comptroller") wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller, through his National Bank Examiner, has examined the Bank and his findings are contained in the Report of Examination ("ROE") for the examination commenced on July 27, 2009. The Comptroller has found unsafe and unsound banking practices, relating to inadequate strategic and capital planning; key staffing vacancies; high levels of problem assets; an inadequate Allowance for Loan and Lease Losses (ALLL); weak problem loan identification and credit administration practices; less than satisfactory earnings; and a low level of liquid assets at the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors ("Board"), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a "written agreement entered into with the agency" within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a "written agreement between such depository institution and such agency" within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a "formal written agreement" within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a "written agreement" within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to:

Alan T. Young
Assistant Deputy Comptroller
Virginias Field Office
4419 Pheasant Ridge Road, Suite 300
Roanoke, VA 24014

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within fifteen (15) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which none shall be an employee or controlling shareholder of the Bank or any of its affiliates (as the term "affiliate" is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the

name of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within sixty (60) days of the date of this Agreement and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

(a) a description of the action needed to achieve full compliance with each Article of this Agreement;

(b) actions taken to comply with each Article of this Agreement; and

(c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

ARTICLE III

COMPETENT BOARD AND MANAGEMENT

(1) Within ninety (90) days of the date of this Agreement, the Board shall ensure that the Bank has competent executive management in place on a full-time basis to carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within ninety (90) days of the date of this Agreement, the Board shall review the capabilities of the Bank's management to perform present and anticipated duties and the Board will determine whether management changes will be made, including the need for additions to or deletions from current management.

(3) For incumbent executive officers in paragraph (1) of this Article, the Board shall within ninety (90) days of the date of this Agreement assess each of these officers' experience, other qualifications and performance compared to the position's description, duties and responsibilities.

(4) If the Board determines that an officer will continue in his/her position but that the officer's depth of skills needs improvement, the Board will within thirty (30) days thereafter develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum the written program shall include:

(a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;

(b) a program to improve the effectiveness of the officer;

(c) objectives by which the officer's effectiveness will be measured; and

(d) a performance appraisal program for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller.

(5) If a position mentioned in Paragraph (1) of this Article is vacant now or in the future, including if the Board realigns an existing officer's responsibilities and a position mentioned in Paragraph (1) of this Article becomes vacant, the Board shall within ninety (90) days of such vacancy appoint a capable person to the vacant position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Agreement and the safe and sound operation of functions within the scope of that position's responsibility.

(6) Prior to the appointment of any individual to an executive officer position, the Board shall submit to the Assistant Deputy Comptroller the following information:

(a) the information sought in the "Changes in Directors and Senior Executive Officers" and "Background Investigations" booklets of the Comptroller's Licensing Manual, together with a legible fingerprint card for the proposed individual;

(b) a written statement of the Board's reasons for selecting the proposed officer; and

(c) a written description of the proposed officer's duties and responsibilities.

(7) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed officer.

(8) The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

(9) Within 90 days of the date of this Agreement, the Board shall develop objective, measurable criteria to evaluate individual director performance, evaluate each director's qualifications for their roles and responsibilities and ensure directors are serving on committees for which they are qualified.

(10) Within 90 days of the date of this Agreement, the Board shall implement a system to ensure all bank personnel are aware of regulatory changes, and ensure appropriate systems are in place to ensure ongoing compliance with laws and regulations.

ARTICLE IV

STRATEGIC PLANNING AND STAFFING

(1) Within ninety (90) days of the date of this Agreement, the Board shall develop and approve a written strategic plan for the Bank covering at least a three-year period. The strategic plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, asset composition, liability structure, capital adequacy, reduction in the volume of nonperforming assets, new products or services, and staffing and technological needs to implement the plan and, at a minimum, include:

(a) a mission statement that forms the framework for the establishment of strategic goals and objectives;

(b) an assessment of the Bank's present and future operating environment;

(c) the development of strategic goals and objectives to be accomplished over the short and long term;

(d) an identification of the Bank's present and future product lines (assets and liabilities) that management and the Board will use to accomplish the strategic goals and objectives established in (1)(c) of this Article;

(e) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems, and policies and procedures, for their adequacy and contribution to the accomplishment of the goals and objectives developed under (1)(c) of this Article;

(f) identification of product line development and market segments that the Bank intends to promote or develop;

(g) an action plan to accomplish identified strategic goals and objectives, including individual responsibilities, accountability, and specific time frames;

(h) projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the strategic plan;

(i) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment; and

(j) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(2) Within one hundred twenty (120) days of the date of this Agreement, the Board shall develop and approve a management succession program to promote the retention and continuity of capable management to include, at a minimum:

(a) Positions covered by the program, which shall include, at a minimum, every executive officer and any other employee deemed to have authority to participate in the major policymaking decisions of the bank;

(b) Identification of qualified, internal candidates for each identified position covered by the program; and

(c) Plans to fill each vacant position covered by the program

(3) Within one hundred twenty (120) days of the date of this Agreement, the Board shall identify a qualified, experienced individual to oversee the credit function. If the Board chooses to fill this position through a Chief Operating Officer, the Board shall ensure the individual has a relevant lending background.

(4) Upon adoption, a copy of the strategic and management succession plans shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the plans and the Board shall ensure Bank adherence to the plans.

ARTICLE V

CAPITAL PLAN

(1) Within ninety (90) days of the date of this Agreement, the Board shall develop and approve a three year capital plan. The plan shall include:

(a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of 12 C.F.R Part 3;

(b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;

(c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;

(d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;

(e) contingency plans that identify alternative methods should the primary source(s) under (c) above not be available; and

(f) a dividend policy that permits the declaration of a dividend only:

(i) when the Bank is in compliance with its approved capital plan;

(ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

(iii) with the prior written determination of no supervisory objection by the Assistant Deputy Comptroller. Upon receiving a determination of no supervisory objection to the declaration of a dividend, the Bank shall implement and adhere to the dividend policy.

(2) Upon adoption, a copy of the plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the capital plan and the Board shall ensure Bank adherence to the capital plan.

(3) The Board shall review and update the Bank's capital program on an annual basis. All copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection.

ARTICLE VI

CREDIT RISK RATING

(1) Within ninety (90) days of the date of this Agreement, the Board shall develop and approve an effective problem loan identification program that provides for early identification of emerging and potential problem credits, along with a formal plan to proactively manage these assets. This includes, but is not limited to:

(a) ensuring early problem loan identification and risk rating by loan officers and establishing loan officer accountability for accurately risk rating loans and recognizing nonaccrual loans under their respective supervision in a timely manner;

(b) completing an independent, third party review of all commercial/commercial real estate loans greater than $250,000 that were not reviewed by the OCC or during the Bank's external loan reviews conducted during 2009 and 2010 to identify any additional problem loans;

(c) assessing the current level of staffing expertise to effect timely collection of problem loans and filling vacancies if gaps in expertise are identified;

(d) providing training to employees involved in risk rating processes on regulatory risk rating definitions and characteristics, including loan officers and Board members;

(e) adopting and implementing the guidelines outlined in OCC Bulletin 2000-20.

(f) ensuring the loan policy clearly documents how problem assets will be administered;

(g) ensuring internal loan review provides quarterly reports to the Board, or committee thereof, that shall include, at a minimum, conclusions regarding:

  (i) the overall quality of the loan portfolio;

  (ii) the identification, type, rating, and amount of problem loans;

  (iii) the identification and amount of delinquent loans;

  (iv) credit and collateral documentation exceptions;

  (v) the identification and status of credit-related violations of law, rule or regulation;

  (vi) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (ii) through (v) of this Article;

(vii) concentrations of credit;

(viii) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and

(ix) adequacy of the allowance for loan and lease losses methodology.

(2) Upon adoption, a copy of the program shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the program.

ARTICLE VII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within ninety (90) days of the date of this Agreement, the Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses ("Allowance") and shall develop and approve enhancements to the Bank's program for the maintenance of an adequate Allowance. The Board's enhancements shall be designed to incorporate the guidance on maintaining a proper Allowance found in the "Allowance for Loan and Lease Losses" booklet of the Comptroller's Handbook and in OCC Bulletin 2006-47, and shall include, but not be limited to, the following factors:

(a) results of lending officer initiated downgrades;

(b) findings from the Bank's internal loan review;

(c) results of any applicable external loan review;

(d) adjusting historical loss ratios, through the use of applicable qualitative factors, for classified and special mention loans to include:

(i) documenting these adjustments, including any adjustments made for trends in adversely rated loans;

(ii) determining a consistent method for preparing a loss history factor for individual loan segments; and

(iii) determining a loss factor for loans assigned a Doubtful rating.

(e) trends of delinquent and nonaccrual loans;

(f) concentrations of credit in the Bank; and

(g) present and prospective economic conditions.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained in the minutes of the Board's meetings indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

(3) Upon adoption, a copy of the program shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the program.

ARTICLE VIII

CONCENTRATIONS OF CREDIT

(1) Within ninety (90) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a program to identify and stratify concentrations based on, but not limited to industry, geography, collateral, structure of credit facility, and loans to affiliated borrowers.

(2) Management should report the level, trend, and performance of these concentrations to the Board quarterly. Management's reports shall include a written analysis of any concentration of credit identified in paragraph (1) of this Article in order to identify and assess the inherent credit, liquidity, and interest rate risk.

(3) The Board should approve an action plan to reduce the level of concentrations in the portfolios identified in paragraph (1) of this Article when the risk of any concentration is deemed imprudent by the Board.

(4) The Board shall ensure future concentrations of credit are subjected to the analysis required by paragraph (2) and that the analysis demonstrates the concentration will not subject the Bank to undue credit, liquidity, or interest rate risk.

(5) The Board shall forward a copy of any analysis performed on existing or potential concentrations of credit to the Assistant Deputy Comptroller quarterly.

(6) For purposes of this Article, a concentration of credit is as defined in the "Loan Portfolio Management" booklet of the Comptroller's Handbook.

ARTICLE IX

CREDIT ADMINISTRATION

(1) Within ninety (90) days of the date of this Agreement, the Board shall develop and approve a written program to improve the Bank's credit administration. The program shall include, but not be limited to:

(a) identification of a qualified, experienced individual to oversee the credit function;

(b) identification of a Senior Commercial Loan Officer (or other employee with comparable responsibilities) to report to the individual overseeing the credit function. This person should have abilities, responsibilities, and authority commensurate with the strategic plan developed under Article III;

(c) the Board shall review the written job description for the Chief Credit Administration Officer (or any other employee with comparable responsibilities) and ensure it is consistent with assigned duties. The Board shall ensure employee performance is measured against this job description and that the individual has the authority and is held accountable for carrying out assigned duties.

(d) evaluating staffing levels for the credit area and ensuring both the number and expertise of employees is commensurate with assumed or planned risk;

(e) implementing procedures to ensure financial statements are received and analyzed at origination and annually thereafter, to include a global cash flow analysis of the borrower/project, and a global cash flow analysis of any guarantors;

(f) establishing Board approved policy exception limits and once established, developing a plan to reduce current levels to within these limits;

(g) aggregating and reporting policy and credit exceptions to the Board at least quarterly;

(h) revising the loan policy to better communicate portfolio objectives, risk tolerances, underwriting, and risk selection standards. The policy should also include guidelines consistent with banking laws, regulations, and regulatory guidance; and

(i) ensuring loan officers are held accountable for complying with the Board approved loan policy.

(2) Upon adoption, a copy of the program shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the program and the Board shall ensure Bank adherence to the program.

ARTICLE X

PARTICIPATIONS PURCHASED

(1) The Bank may grant, purchase, assume or acquire in any manner, directly or indirectly, or as a fiduciary or nominee, any loan, loan participation, loan obligation or other

asset, as long as such grant, purchase, assumption, or acquisition is consistent with safe and sound banking practices, the guidelines set forth in Banking Circular 181 (Revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34.

(2) Management and the Board must implement a system to ensure compliance with Banking Circular 181.

(3) Management must ensure that all loans purchased meet the bank's policy and guidelines and the repayment ability is fully supported and documented. This should include the borrower's financial condition is independently analyzed prior to approval.

ARTICLE XI

CLASSIFIED ASSETS

(1) Within ninety (90) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful" or "substandard." This program shall include, at a minimum:

(a) an identification of the expected sources of repayment;

(b) the appraised value (including the date of the appraisal) of supporting collateral and the position of the Bank's lien on such collateral where applicable;

(c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;

(d) actively working the existing action plans for classified assets equal to or exceeding two hundred fifty thousand dollars ($250,000); and

(e) developing formal work out plans for problem credits to eliminate the basis of criticism and the time frame for its accomplishment. The work out plans should also include the current status of the loan, current financial condition of the borrower and guarantor(s), accrual status, source and date of the collateral valuation, and specific action plans with target dates.

(2) Upon adoption, a copy of the program required by paragraph (1) of this Article shall be forwarded to the Assistant Deputy Comptroller for review.

ARTICLE XII

INSIDER TRANSACTIONS

(1) Within ninety (90) days of the date of this Agreement, the Board and management must establish a system to administer and monitor compliance with insider regulations.

(2) The Board and management must review the current insider policy and ensure it is in compliance with 12 C.F.R. Part 215;

(3) The Board and management must ensure all Directors, Executive Officers, and loan officers have attained a sufficient level of expertise to meet the requirements of 12 C.F.R. Part 215; and

(4) Ensure the internal auditor's procedures are sufficient in detecting violations.

(5) Upon adoption, a copy of the program required by paragraph (1) of this Article shall be forwarded to the Assistant Deputy Comptroller for review.

(6) For purposes of this Agreement, "Insider" shall have the same meaning as set forth in 12 C.F.R. § 215.2.

ARTICLE XIII

LIQUIDITY

(1) The Board shall take appropriate action to ensure adequate sources of liquidity in relation to the Bank's needs. The Board shall ensure the Bank maintains liquidity levels sufficient to sustain the Bank's current operations and to withstand any anticipated or extraordinary demand against its funding base. Such actions may include, but are not necessarily limited to:

(a) selling assets;

(b) obtaining lines of credit from the Federal Reserve Bank;

(c) obtaining lines of credit from correspondent banks;

(d) recovering charged-off assets; and

(e) injecting additional equity capital.

(2) The Board shall review the Bank's liquidity on a monthly basis. Monthly reports shall set forth liquidity requirements and sources and establish a contingency plan. The contingency plan must include:

(i) Potential scenarios which may create a funding crisis;

(ii) Triggers which initiate funding strategies or dictate action by management; and

(iii) Identification of bank personnel responsible for monitoring, identifying, managing, and controlling liquidity risks identified in the CFP.

Copies of the monthly liquidity reports shall be forwarded to the Assistant Deputy Comptroller quarterly.

(3) The Board shall take appropriate action to ensure adequate sources of liquidity in relation to the Bank's needs.

ARTICLE XIV

EARNINGS

(1) Within ninety (90) days of the date of this Agreement, the Board shall develop and approve a written profit plan to improve and sustain the earnings of the Bank. This plan shall include, at a minimum the following elements:

(a) identification of the major areas in, and means by which, the Board will improve the Bank's operating performance, including:

(i) implementing the action plans developed under Article XI to reduce the level of nonperforming assets;

(ii) performing a line-by-line review of non-interest expenses;

(iii) reviewing possible ways to improve non-interest income; and

(iv) analyzing branch performance.

(b) realistic and comprehensive budgets, including projected balance sheets and year-end income statements;

(c) a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections; and

(d) a description of the operating assumptions that form the basis for major projected income and expense components.

(2) Upon adoption, a copy of the written plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy

Comptroller, the Bank shall implement and adhere to the plan and the Board shall ensure Bank adherence to the plan.

ARTICLE XV

INTERNAL AUDIT

(1) Within ninety (90) days of the date of this Agreement, the Board shall develop and approve a written program to improve the Bank's internal audit function. The program shall include, but not be limited to:

(a) reviewing the internal audit schedule and ensure all key areas of the bank and relevant regulations of the bank are included, including Regulations O and R;

(b) establishing an annual audit plan using a risk-based approach sufficient to achieve audit objectives;

(c) reviewing and updating, as necessary, internal audit procedures to ensure they are sufficiently detailed and comprehensive to identify internal control deficiencies;

(d) evaluate the need for additional staffing;

(e) ensuring internal audit reviews the effectiveness of processes such as loan review to ensure they are appropriately identifying and reporting credit administration weaknesses, and that management addresses weaknesses in a timely manner;

(f) implementing descriptive identifiers for overall ratings assigned to an auditable area;

(g) implementing a system to track regulatory changes, and a procedure for disseminating information regarding regulatory changes to all affected bank personnel, including the Internal Auditor; and

(h) providing Regulation O and Regulation R training to the Internal Auditor and all other relevant officers and employees.

(2) As part of the audit program, the Board shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(3) The Board shall ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed.

(4) The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to the Board, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

(5) All audit reports shall be in writing. The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(6) The audit staff shall have access to any records necessary for the proper conduct of its activities. National bank examiners shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

(7) Upon adoption, a copy of the written plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the plan and the Board shall ensure Bank adherence to the plan.

ARTICLE XVI

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

(a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;

(b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;

(c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and

(d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory "written agreement entered into with the agency" as contemplated by 12 U.S.0 § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to

amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/	2/23/2010
Alan T. Young Assistant Deputy Comptroller Virginias Field Office	Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/ Paul D. Brown	2/23/10 Date
/s/ G. Larry Conley	2/24/10 Date
/s/ Robin Cooper	3/7/10 Date
/s/ Dennis T. Dorton	2/23/10 Date
/s/ L. Barrett Frederick	2/23/10 Date
/s/ Bob M. Hutchison	2/23/10 Date
/s/ Gregory J. Meade	2/23/10 Date
/s/ Lynn D. Mullins	2/23/10 Date
/s/ Marvin Walker	2/23/10 Date
/s/ Harold D. Ward	3/2/10 Date